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REFERENCE TITLE: **property tax; valuation; new construction**

State of Arizona
House of Representatives
Forty-seventh Legislature
First Regular Session
2005

HCR 2048

Introduced by
Representative Weiers J

A CONCURRENT RESOLUTION

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, SECTION 18, CONSTITUTION OF ARIZONA; RELATING TO PROPERTY TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the House of Representatives of the State of Arizona, the
2 Senate concurring:

3 1. Article IX, section 18, Constitution of Arizona, is proposed to be
4 amended as follows if approved by the voters and on proclamation of the
5 Governor:

6 18. Ad valorem tax limits: limit on increase in
7 values; definitions

8 Section 18. ~~(1) The maximum amount of ad valorem taxes~~
9 ~~that may be collected from residential property in any tax year~~
10 ~~shall not exceed one per cent of the property's full cash value~~
11 ~~as limited by this section.~~

12 ~~(2) The limitation provided in subsection (1) does not~~
13 ~~apply to:~~

14 ~~(a) Ad valorem taxes or special assessments levied to pay~~
15 ~~the principal of and interest and redemption charges on bonded~~
16 ~~indebtedness or other lawful long-term obligations issued or~~
17 ~~incurred for a specific purpose.~~

18 ~~(b) Ad valorem taxes or assessments levied by or for~~
19 ~~property improvement assessment districts, improvement districts~~
20 ~~and other special purpose districts other than counties, cities,~~
21 ~~towns, school districts and community college districts.~~

22 ~~(c) Ad valorem taxes levied pursuant to an election to~~
23 ~~exceed a budget, expenditure or tax limitation.~~

24 ~~(3)~~ (1) Except as otherwise provided by subsections ~~(5),~~
25 ~~(6) and (7) of this section~~ (3), (4) AND (5) the value of real
26 property and improvements and the value of mobile homes used for
27 all ad valorem taxes ~~except those specified in subsection (2)~~
28 shall be the lesser of the full cash value of the property or an
29 amount ~~ten~~ THREE per cent greater than the value of property
30 determined pursuant to this subsection for the prior year or an
31 amount equal to the value of property determined pursuant to
32 this subsection for the prior year plus ~~one-fourth~~ ONE-TENTH of
33 the difference between such value and the full cash value of the
34 property for ~~THE~~ current tax year, whichever is greater.

35 ~~(4) The legislature shall by law provide a method of~~
36 ~~determining the value, subject to the provisions of subsection~~
37 ~~(3), of new property.~~

38 (2) THE VALUATION OF NEW PROPERTY, INCLUDING NEW
39 CONSTRUCTION, SHALL BE THE FULL CASH VALUE OF THE PROPERTY.

40 ~~(5)~~ (3) The limitation on increases in the value of
41 property prescribed in subsection ~~(3)~~ (1) does not apply to
42 equalization orders that the legislature specifically exempts by
43 law from such limitation.

~~(6)~~ (4) Subsection ~~(3)~~ (1) does not apply to:

(a) Property used in the business of patented or unpatented producing mines and the mills and the smelters operated in connection with the mines.

(b) Producing oil, gas and geothermal interests.

(c) Real property, improvements thereto and personal property used thereon used in the operation of telephone, telegraph, gas, water and electric utility companies.

(d) Aircraft that is regularly scheduled and operated by an airline company for the primary purpose of carrying persons or property for hire in interstate, intrastate or international transportation.

(e) Standing timber.

(f) Property used in the operation of pipelines.

(g) Personal property regardless of use except mobile homes.

~~(7)~~ (5) A resident of this state who is sixty-five years of age or older may apply to the county assessor for a property valuation protection option on the person's primary residence, including not more than ten acres of undeveloped appurtenant land. To be eligible for the property valuation protection option, the resident shall make application and furnish documentation required by the assessor on or before September 1. If the resident fails to file the application on or before September 1, the assessor shall process the application for the subsequent year. If the resident files an application with the assessor on or before September 1, the assessor shall notify the resident whether the application is accepted or denied on or before December 1. The resident may apply for a property valuation protection option after residing in the primary residence for two years. If one person owns the property, the person's total income from all sources including nontaxable income shall not exceed four hundred per cent of the supplemental security income benefit rate established by section 1611(b)(1) of the social security act. If the property is owned by two or more persons, including a husband and wife, at least one of the owners must be sixty-five years of age or older and the owners' combined total income from all sources including nontaxable income shall not exceed five hundred per cent of the supplemental security income benefit rate established by section 1611(b)(1) of the social security act. The assessor shall review the owner's income qualifications on a triennial basis and shall use the owner's average total income during the previous three years for the review. If the county assessor approves a property valuation protection option, the value of the primary residence shall remain fixed at the full cash value

in effect during the year the property valuation protection option is filed and as long as the owner remains eligible. To remain eligible, the county assessor shall require a qualifying resident to reapply for the property valuation protection option every three years and shall send a notice of reapplication to qualifying residents six months before the three year reapplication requirement. If title to the property is conveyed to any person who does not qualify for the property valuation protection option, the property valuation protection option terminates, and the property shall revert to its current full cash value.

~~(8)~~ (6) The legislature shall provide by law a system of property taxation consistent with ~~the provisions of~~ this section.

~~(9)~~ (7) For THE purposes of this section:

(a) "Owner" means the owner of record of the property and includes a person who owns the majority beneficial interest of a living trust.

(b) "Primary residence" means all owner occupied real property and improvements to that real property in this state that is a single family home, condominium, townhouse or ~~an~~ owner occupied mobile home and that is used for residential purposes.

2. Conforming legislation

The legislative council staff shall prepare proposed legislation conforming the Arizona Revised Statutes to the provisions of this act for consideration in the forty-eighth legislature, first regular session.

3. The Secretary of State shall submit this proposition to the voters at the next general election as provided by article XXI, Constitution of Arizona.